

**HOUSING AUTHORITY OF THE
TOWN OF GUEYDAN**

**Annual Financial Statements
June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/9/11

Louisiana

LEGEND

- ① Places of 125,000 or more inhabitants
- ② Places of 25,000 to 125,000 inhabitants
- ③ Places of 10,000 to 25,000 inhabitants
- ④ Places of 5,000 to 10,000 inhabitants
- ⑤ Places of 2,500 to 5,000 inhabitants

Standard Metropolitan Statistical Areas

Garydon Housing Authority

* The Gueydan Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Gueydan Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN , LOUISIANA**

Annual Financial Statements
As of and for the Year Ended June 30, 2010
With Supplemental Information Schedules

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INDEPENDENT ACCOUNTANT'S REPORT

Members of the Board
Housing Authority of the Town of Gueydan
Gueydan, Louisiana

We have reviewed the accompanying basic financial statements of the Housing Authority of the Town of Gueydan, Louisiana as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the Town of Gueydan, Louisiana's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Housing Authority personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 13, 2010, on the results of our agreed-upon procedures.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

John R. Vercher PC

Jena, Louisiana
December 13, 2010

**Housing Authority of the Town of Gueydan
Management's Discussion and Analysis
June 30, 2010**

As management of the Housing Authority of the Town of Gueydan, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$528,046 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$96,804.

The Authority's cash balance at June 30, 2010 was \$100,741, of which \$4,000 is restricted for tenant security deposits.

The Authority had total revenue of \$213,115 in which \$148,868 was operating revenue and \$64,247 was non-operating revenue.

The Authority had total expenses of \$199,034, leaving a total change in net assets of \$14,081.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

See accountant's report.

**Housing Authority of the Town of Gueydan
Management's Discussion and Analysis - Continued
June 30, 2010**

Overview of the Basic Financial Statements-Cont.

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended June 30, 2010.

Statement of Net Assets

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
Current Assets	\$ 77,646	\$ 111,794	44.0%
Capital Assets Net of Depreciation	400,889	431,242	7.6%
Total Assets	<u>478,535</u>	<u>543,036</u>	13.5%
Current Liabilities	6,944	7,858	13.2%
Non-Current Liabilities	7,132	7,132	0.0%
Total Liabilities	<u>14,076</u>	<u>14,990</u>	6.5%
Equity			
Invest in Capital Assets	400,889	431,242	7.6%
Unrestricted Net Assets	63,750	96,804	51.8%
Total Net Assets	<u>\$ 464,639</u>	<u>\$ 528,046</u>	13.6%

- Current Assets increased by \$34,148 or 44%. The primary reason for this increase is due to an increase in Cash in the amount of \$32,840.
- Current Liabilities increased by \$914 or 13.2%. The primary reason for this increase is due to an increase in Accounts Payable in the amount of \$1,264.
- The Authority's unrestricted net assets increased by \$33,054 for the current year.

See accountant's report.

**Housing Authority of the Town of Gueydan
Management's Discussion and Analysis - Continued
June 30, 2010**

Overview of the Basic Financial Statements-Cont.

The table below lists the revenue and expense comparisons for the year ended June 30, 2010.

Statement of Revenues, Expenses, & Change in Net Assets

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
Revenue			
Tenant Revenue	\$ 53,404	\$ 56,482	5.8%
HUD PHA OPERATING	55,204	90,975	64.8%
Capital Grants	-0-	63,998	100.0%
Investment Income	194	249	28.4%
Other Revenue	8,067	1,411	-82.5%
Total Revenue	<u>116,869</u>	<u>213,115</u>	82.4%
Expenses			
Administrative	52,240	57,569	10.2%
Utilities	2,224	2,580	16.0%
Maintenance	39,107	40,266	3.0%
Protective Services	-0-	9,179	100.0%
Other General	23,427	16,349	-30.2%
Extraordinary Maintenance	7,462	-0-	-100.0%
Depreciation	65,609	73,091	11.4%
Total Expenses	<u>190,069</u>	<u>199,034</u>	4.7%
Change In Net Assets	(73,200)	14,081	119.2%
Total Net Assets - Beginning	537,839	513,965	-4.4%
Total Net Assets - Ending	\$ <u>464,639</u>	\$ <u>528,046</u>	13.6%

- Revenues of the Authority are generated principally from dwelling rents and HUD Operating & Capital Subsidies.
- The Authority's revenues increased by \$96,246, mainly due to an increase in Capital Grants in the amount of \$63,998.
- Expenses increased by \$8,965, mainly due to an increase in Protective Services in the amount of \$9,179.

See accountant's report.

**Housing Authority of the Town of Gueydan
Management's Discussion and Analysis - Continued
June 30, 2010**

Capital Asset & Debt Administration

Capital Assets

As of June 30, 2010 the Authority's investment in capital assets was \$431,242 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

Capital Assets at Year-End

	2009	2010
Land *	\$ 26,930	\$ 26,930
Buildings & Improvements	1,745,601	1,820,420
Furniture & Equipment	37,557	37,557
Construction in Progress *	35,375	63,998
Accumulated Depreciation	(1,444,572)	(1,517,663)
Total	\$ 400,891	\$ 431,242

* Land in the amount of \$26,930 and Construction in Progress in the amount of \$63,998 are not being depreciated.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2011 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Gueydan
PO Box 440
Gueydan, LA 70542

See accountant's report.

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Housing Authority of the Town of Gueydan, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of the Town of Gueydan and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Housing Authority of the Town of Gueydan's compliance with certain laws and regulations during the year ended June 30, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*Our review found no expenditures for public works exceeding \$100,000 and no expenditures for materials and supplies exceeding \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

*We obtained a list from the PHA.

3. Obtain from management a listing of all employees paid during the period under examination.

*We obtained a listing of all employees from the PHA.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

*None of the employees included on the list of employees provided by PHA appeared on the list provided by PHA in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

*The PHA is an enterprise fund and budgeting is not required. The PHA prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

6. Trace the budget adoption and amendments to the minute book.

*Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

*Not applicable.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and :

(a) trace payments to supporting documentation as to proper amount and payee;

*We randomly selected six disbursements using a random number generator. We examined supporting documents for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

*All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

*All of the payments received approval from proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

*Inquiries of management found that notices were posted at the business office of the PHA of the meetings' time, place, and agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

*We reviewed the books and records of the PHA and found no deposits or entries that appeared to be loans.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

*Our review of the payroll records and discussions with PHA personnel found no evidence of bonuses, advances or gifts being made.

The prior year report, dated December 28, 2009, did not include any comments or unresolved matters.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Housing Authority of the Town of Gueydan and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John R. Vercher PC

Jena, Louisiana
December 13, 2010

Basic Financial Statements

HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
Gueydan, Louisiana
Statement of Fund Net Assets
June 30, 2010

ASSETS	ENTERPRISE FUND
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 96,741
Receivables (Net of Allowances For Uncollectables)	1,258
Prepaid Items	9,795
RESTRICTED ASSETS:	
Tenant Security Deposits	4,000
TOTAL CURRENT ASSETS	<u>111,794</u>
NON-CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	431,242
TOTAL NON-CURRENT ASSETS	<u>431,242</u>
TOTAL ASSETS	<u>543,036</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	1,264
Compensated Absences	2,594
Tenant Security Deposits	4,000
TOTAL CURRENT LIABILITIES	<u>7,858</u>
NON-CURRENT LIABILITIES	
Compensated Absences	7,132
TOTAL NON-CURRENT LIABILITIES	<u>7,132</u>
TOTAL LIABILITIES	<u>14,990</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	431,242
Unrestricted	96,804
TOTAL NET ASSETS	<u>\$ 528,046</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
Gueydan, Louisiana
Statement of Revenues, Expenses, & Changes In Fund Net Assets
For the Year Ended June 30, 2010

	ENTERPRISE FUND
OPERATING REVENUES	
Tenant Revenue	\$ 56,482
Other Revenue	1,411
HUD PHA Operating Grants	90,975
TOTAL OPERATING REVENUE	<u>148,868</u>
OPERATING EXPENSES	
Administrative Salaries	24,994
Other Administrative	17,186
EBC Administrative	15,389
Water	1,154
Electricity	1,164
Gas	262
Ordinary Maintenance – Labor	17,534
Materials	3,084
Contract Cost	10,469
EBC Maintenance	9,179
EBC Protective Services	9,179
Insurance	15,449
Bad Debt Tenants Rent	900
Depreciation	73,091
TOTAL OPERATING EXPENSES	<u>199,034</u>
OPERATING INCOME (LOSS)	<u>(50,166)</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Earnings	249
Capital Grants	63,998
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>64,247</u>
CHANGE IN NET ASSETS	14,081
TOTAL NET ASSETS – BEGINNING	513,965
TOTAL NET ASSETS - ENDING	<u>\$ 528,046</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Gueydan
Gueydan, Louisiana
Statement of Cash Flows
Year Ended June 30, 2010**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 57,078
Receipts From HUD	90,975
Payments to Suppliers	(82,994)
Payments to Employees	(42,528)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>22,531</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>-0-</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-0-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Capital Grants	63,998
Acquisition & Construction of Capital Assets	(53,938)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>10,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	249
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>249</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	32,840
CASH, BEGINNING OF YEAR	67,901
CASH, END OF YEAR	<u>100,741</u>
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	96,741
Tenant Security Deposits	4,000
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 100,741</u>

See accountant's report.
The accompanying notes are an integral part of this statement

**Housing Authority of the Town of Gueydan
Gueydan, Louisiana
Statement of Cash Flows
Year Ended June 30, 2010**

Reconciliation

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>(50,166)</u>
Depreciation Expense	73,091
(Increase) Decrease in Accounts Receivable	(815)
(Increase) Decrease in Prepaid Items	(493)
Increase (Decrease) in Accounts Payable	1,264
Increase (Decrease) in Tenant Security Deposits	<u>(350)</u>
TOTAL ADJUSTMENTS	<u>72,697</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>22,531</u>
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LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES

Contributions of Capital Assets From Government	\$ <u>-0-</u>
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**Notes to the Basic
Financial Statements**

HOUSING AUTHORITY OF THE TOWN OF GUEYDAN GUEYDAN, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2010

INTRODUCTION

The Housing Authority of the Town of Gueydan is an apartment complex for persons of low income located in Gueydan, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Gueydan, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Gueydan, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Gueydan because the Town of Gueydan appoints a voting majority of the Housing Authority's governing board. The Town of Gueydan is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Gueydan. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Gueydan.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The housing authority reports the following major proprietary funds:

- The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority, except those required to be accounted for in another fund.
- The CFP Fund is the housing authority's grant operating fund. It accounts for all financial resources of the capital fund projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

C. DEPOSITS & INVESTMENTS

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

E. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

F. CAPITAL ASSETS

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings & Building Improvements	20 years
Furniture & Fixtures	5 years
Vehicles	5 years
Equipment	5 years

G. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2010, the housing authority has cash and investments (book balances) totaling \$100,741 as follows:

Demand deposits	\$	100,741
Time deposits		<u>-0-</u>
Total	\$	<u>100,741</u>

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

These deposits are stated at cost, which is approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposits

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the housing authority or by its agent in the housing authority's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the housing authority's name.
- ***Category 3*** – Uncollateralized.

The actual cash and investment bank balance as of June 30, 2010 totaled \$100,741. Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 100,741
Securities (Category 2)	-0-
Total	\$ 100,741

Deposits were fully secured as of June 30, 2010.

3. RECEIVABLES

The housing authority had \$1,258 in receivables for the year ended June 30, 2010.

A/R Tenants-Dwelling Rents	\$ 454
A/R Misc.	805
Allowance for Doubtful Accounts	(1)
Total	\$ 1,258

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

4. CAPITAL ASSETS

All fixed assets are stated at cost. The fixed assets are depreciated using the straight-line method of depreciation with lives ranging from 5-40 years. Changes in fixed assets are as follows:

	Beginning of Period	Additions	Deletions	End of Period
Land *	\$ 26,930	-0-	-0-	26,930
Buildings & Improvements	1,745,601	74,819	-0-	1,820,420
Furniture & Equipment	37,557	-0-	-0-	37,557
Construction in Progress *	35,375	63,998	(35,375)	63,998
Total Capital Assets	<u>1,845,463</u>	<u>138,817</u>	<u>(35,375)</u>	<u>1,948,905</u>
Less Accumulated Depreciation	(1,444,572)	(73,091)	-0-	(1,517,663)
Total Capital Assets, Net of Depreciation	<u>\$ 400,891</u>	<u>65,726</u>	<u>(35,375)</u>	<u>431,242</u>

* Land in the amount of \$26,930 and Construction in Progress in the amount of \$63,998 are not being depreciated.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

5. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$7,858 at June 30, 2010 are as follows:

Vendors Payable	\$ 1,264
Accrued Compensated Absences - Current	2,594
Tenant Security Deposits	4,000
Total	<u>\$ 7,858</u>

6. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

**HOUSING AUTHORITY OF THE TOWN OF GUEYDAN
GUEYDAN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2010**

7. CONTINGENT LIABILITIES

At June 30, 2010, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

8. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$154,973 to the housing authority, which represents approximately 73% of the housing authority's revenue for the year.

9. COMPENSATION PAID TO COMMISSIONERS

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Nelson Marceaux	Chairman	\$ -0-
Roy Fontenot	Vice-Chairman	-0-
Larry Dugas	Commissioner	-0-
Trevor Hair	Commissioner	-0-
Donna O'Brien	Commissioner	\$ -0-

Required Supplemental Information

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JOHN R. VERCHER PC
Certified Public Accountants

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MANAGEMENT LETTER COMMENTS

Housing Authority of the Town of Gueydan
Gueydan, Louisiana

CURRENT YEAR MANAGEMENT LETTER COMMENTS:

There are no current year findings.

HOUSING AUTHORITY OF THE TOWN OF GUEYDAN

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Gueydan, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their review for the year ended June 30, 2009.

PRIOR YEAR MANAGEMENT LETTER COMMENTS:

There were no prior year findings.

LOUISIANA ATTESTATION QUESTIONNAIRE

JOHN R. VERCHER PC

Certified Public Accountants

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2010 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 13, 2010 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [☐]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [☐]

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [☒] No [☐]


Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.


Signature